



## WASHINGTON STATE LEGISLATURE

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March 24, 2000

Mr. John F. Charles  
Director  
Department of Retirement Systems  
PO Box 48380  
Olympia, WA 98504-8380

Subject: Pension Contribution Rate Changes

Thank you for your letter of March 20, 2000, concerning the Department's need to provide employers with 30 days notice of changes to pension contribution rates.

At this point it appears certain that when the supplemental budget bill is passed by the Legislature, it will include statutory reductions to pension contribution rates, to be effective May 1, 2000. These reductions, as you note in your letter, have been included in all the versions of the budget proposed by the Governor, the Senate and the House of Representatives.

As you know, the new contribution rates reflect the latest actuarial valuation studies by the state actuary and are the rates necessary to achieve the state's pension funding goals, adjusted for a May 1, 2000, effective date.

It is our intention to reach agreement on a supplemental budget and the change in pension rates as soon as possible. However, due to the unique circumstances of this special session, it is not certain a budget agreement will be reached before the end of the month. For this reason we believe it would be appropriate, and prudent, for the department to send an employer notice of the probable contribution rate changes. Such a notice could suggest that employers should prepare for the following rate changes, effective May 1, 2000, pending official confirmation from the Department of Retirement Systems.

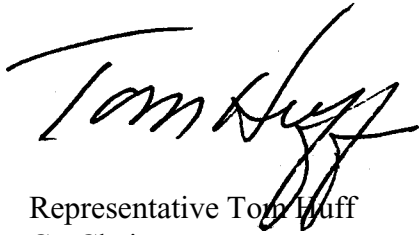
The new rates will be:

<b><u>Employer/State Rates</u></b>		<b><u>Employee Rates</u></b>	
PERS	<b>3.58%</b>	PERS Plan 2	<b>1.54%</b>
TRS	<b>6.03%</b>	TRS Plan 2	<b>1.85%</b>
LEOFF Plan 2 - State	<b>2.16%</b>	LEOFF Plan 2	<b>5.41%</b>
LEOFF 2 - Employer	<b>3.25%</b>		
DRS Administration	<b>0.23%</b>		

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The Legislature will attempt to adopt a supplemental budget, including the above rate reductions, as soon as possible. If circumstances do not allow 30 days notice for employers prior to the rate changes, the bill will also include a waiver of the 30 day advance notice requirement for this particular set of rate changes.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Huff".

Representative Tom Huff  
Co-Chair  
House Appropriations Committee

A handwritten signature in black ink, appearing to read "Helen Sommers".

Representative Helen Sommers  
Co-Chair  
House Appropriations Committee

A handwritten signature in black ink, appearing to read "Valoria Loveland".

Senator Valoria Loveland  
Chair  
Senate Ways and Means Committee

Cc: Marty Brown